

CHAPTER 14
OFFSET OF COUNTY DEBTS OWED DEPARTMENT

PREAMBLE

These rules provide a process for the department (1) to identify counties that owe liabilities to the department and (2) to cooperate with the department of revenue and finance for offsetting the counties' claims against state agencies with the liabilities which those counties owe the department. The process for identifying counties that owe liabilities and the process for offset each include notice and opportunity to be heard.

441—14.1(234) Definitions.

"Department" means the Iowa department of human services.

"Director" is the director of the Iowa department of human services.

"Liability" or *"debt"* means any liquidated sum due and owing to the department which has accrued through contract, subrogation, tort, operation of law, or any legal theory regardless of whether there is an outstanding judgment for that sum. Before setoff, the amount of a county's liability to the department shall be at least \$50.

"Offset" shall mean to set off or compensate the department which has a legal claim against a county where there exists a county's valid claim on a state agency that is in the form of a liquidated sum due, owing and payable. Before setoff, the amount of a county's claims on a state agency shall be at least \$50.

441—14.2(234) Identifying counties with liabilities.

14.2(1) Notice to county regarding liability. When a bill to the county remains unpaid 60 calendar days following the date of the bill, the county shall be given written notice by the department. This notice shall:

- a. State the amount due.
- b. State the department's intent to use the offset program as provided in department of revenue and finance rules 701—Chapter 150.
- c. Require the county to send a written response to the bureau of finance within 20 calendar days of the date of notification.

14.2(2) Response from county regarding debt. The written response from the county to the bureau of finance shall state the position of the county regarding the amount due.

a. The response from the county shall constitute an appeal if the county provides a written response within 20 calendar days and states why the county disagrees with the amount owed. The county shall provide any relevant legal citations, client identifiers, and any additional information supporting the county's position.

b. The county's right to appeal shall be considered waived if the county fails to pay the full amount due or respond within 20 calendar days of the date of the notification.

14.2(3) Review of county response regarding debt. The bureau of finance shall review within ten calendar days of receipt of the written response the basis for the bill and the county's position as stated in the written response.

a. The bureau of finance shall make the necessary adjustments to subsequent billings sent to the county when the bureau of finance agrees with the county's position regarding the liability and shall so notify the county.

b. The bureau of finance shall forward to the appropriate departmental division all information regarding the basis for the bill and the county's written response when the bureau of finance disagrees with the county's position.

(1) The division shall establish the department's final decision regarding the amount owed in accordance with established procedures.

(2) The division shall notify the county and the bureau of finance within 30 calendar days of receipt of the appeal by the division of the department's final decision regarding the amount owed.

(3) The bureau of finance shall make the necessary adjustments to subsequent billings sent to the county regarding the liability and shall so notify the county.

441—14.3(234) List of counties with amounts owed.

14.3(1) *Notification to department of revenue and finance.* The bureau of finance shall provide to the department of revenue and finance a list of the counties with amounts owed as established through rule 441—14.2(234). This list shall be maintained by the department of revenue and finance in a liability file.

14.3(2) *Notification of change.* The bureau of finance shall notify the department of revenue and finance of any change in the status of a debt in the liability file within 30 calendar days from the occurrence of the change.

14.3(3) *Certification of file.* The bureau of finance shall certify the file to the department of revenue and finance semiannually in a manner prescribed by the department of revenue and finance.

441—14.4(234) Notification to county regarding offset.

14.4(1) *Notice.* The bureau of finance shall send notification to the county within ten calendar days from the date the bureau of finance is notified by the department of revenue and finance of a potential offset. This notification shall include:

- a. The department's right to the payment in question.
- b. The department's right to recover the payment through this offset procedure.
- c. The basis of the department's case in regard to the debt.
- d. The right of the county to request the split of the payment between parties when the payment in question is jointly owned or otherwise owned by two or more persons.
- e. The county's right to appeal the offset. The procedure the county follows for appeal is:
 - (1) The county shall send a written response to the bureau of finance within 20 calendar days of the date of the notification.
 - (2) The county shall include in the written response any relevant legal citations and any additional information supporting the county's position.
- f. The county shall waive any right to appeal if the county fails to respond within 20 calendar days of the date of the notification.
- g. The bureau of finance telephone number for the county to contact in the case of questions.

14.4(2) *Copy of notice.* The department of revenue and finance may require a copy of this notice be sent to it.

441—14.5(234) Review of county response regarding offset. The bureau of finance shall review within ten calendar days of receipt of the written response the basis for the offset and the county's position as stated in the written appeal.

14.5(1) *Agreement with county.* The bureau of finance shall not respond to the department of revenue and finance if the bureau of finance agrees with the county's position. The amount of the payment shall be released to the county by the department of revenue and finance as prescribed in department of revenue and finance rule 701—150.5(421).

14.5(2) *Disagreement with county.* The bureau of finance shall certify to the department of revenue and finance that the requirements of Iowa Code section 421.17 have been met.

441—14.6(234) Offset completed.

14.6(1) *Offset implemented.* The offset shall be made by the department of revenue and finance as prescribed in department of revenue and finance rules 701—150.6(421) and 150.7(421).

14.6(2) *Notification to county.* Once the offset has been completed, the bureau of finance shall notify the county of the action taken along with the balance, if any, still due to the department.

14.6(3) *Duty of the department.* The department shall pay to the county any payment offset by the department of revenue and finance to which the department is not entitled, in accordance with established procedures.

These rules are intended to implement Iowa Code section 234.6.

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